



**Federal Aviation
Administration**

FINANCIAL SERVICES

Federal Aviation Administration
Fiscal Year 2006 Business Plan

2006 ABA Business Plan

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2006 ABA Business Plan

The Office of the Assistant Administrator for Financial Services/Chief Financial Officer (ABA) serves as the Federal Aviation Administration's (FAA) primary resource steward. Our team has responsibility for managing the agency's \$14 billion budget, overseeing and maintaining financial systems, and spearheading government-wide management reforms such as the President's Management Agenda designed to improve the business Of government and ensure resources are managed with integrity.

ABA's key strategic efforts are anchored in the FAA's Flight Plan under the "Organizational Excellence" goal. We lead the agency's efforts to achieve the Cost Control Program and Clean Audit Performance Targets and directly support activities in the Employee Attitude Survey and Conflict Resolution Strategic Initiatives. By providing FAA's Lines of Business (LOB) and Staff Offices (SO) with an effective management environment and key business tools and resources, we indirectly support the organization's Increase Safety, Greater Capacity, and International Leadership goals.

In addition to our strategic work directly tied to the agency's Flight Plan, we have fundamental responsibilities key to maintaining a strong agency-wide foundation of accountability and financial management. This work is organized as Core Business in our Business Plan.

Over the long-term, ABA's contributions to the agency's success will be measured by how well cost and financial information is integrated into the agency's business processes and by the analytical contribution that ABA-generated information makes to data-based decision-making at the corporate and LOB levels.

Our highest priorities include improving business processes and resolving issues related to the Department of Transportation's (DOT) financial management system, DELPHI, and the FAA acquisition system, PRISM; maintaining a "clean" audit with a focus on managing agency assets; and spearheading the Cost Control Program in support of the Flight Plan. In support of our priorities, we will address the following emerging challenges in FY 2006:

- Continue to improve DELPHI and PRISM, including developing improved and simplified business processes.
- Obtain a clean audit opinion.

- Improve the quality, timeliness and usefulness of financial information for management decision-making.
- Implement an aggressive agency-wide cost control program.
- Provide analytic, resource-based support to the agency's investment processes and in agency negotiations with our labor unions.

Organizational Excellence

The Office of the Assistant Administrator for Financial Services/CFO (ABA) co-leads (with the Assistant Administrator for Human Resource Management) and contributes directly to the Organizational Excellence goal.

The highest Organizational Excellence priorities for ABA include improving the business processes related to the financial management system (DELPHI) and the acquisition system (PRISM); formulating and executing the budget; continuing to obtain a "clean audit" with a focus on managing agency assets; completing the implementation of the Cost Accounting System; and implementing a cost control program in support of the Flight Plan. ABA contributions to the agency's success will be measured by the quality and timeliness of financial information and how well we support effective decision-making in the agency.

Flight Plan Performance Target:

Employee Attitude Survey

Increase Employee Attitude Survey scores in the areas of management effectiveness and accountability by at least 5 percent by FY 2010. FY06 Target: 3 percent.

Strategic Initiative: Conflict Management

Undertake a timely and effective corporate approach to conflict management.

Strategic Activity: Conflict Management

Support the Early Dispute Resolution Center.

Targets:

Commit to mediation on any employee concern sent to the center for attempted resolution.

Strategic Initiative: EAS Action Plan

Monitor and evaluate Employee Attitude Survey (EAS) Action Plan results.

Strategic Activity: EAS Action Plan

Implement EAS action plan to address employee feedback and improve organizational effectiveness.

Targets:

Implement EAS Action Plan and send monthly progress reports to AHR.

Target 1: Document and test internal controls for five key business processes by June 30, 2006.

Target 2: Ensure FAA lines of business and staff offices begin performing a quarterly review of all inactive obligations by 2nd Quarter FY 2006.

Flight Plan Performance Target:

Clean Audit

Obtain an unqualified opinion on the agency's financial statements (Clean Audit with no material weaknesses) each fiscal year. FY06 Target: Clean Audit.

Strategic Initiative: Document and Test Internal Controls

In compliance with Office of Management and Budget (OMB) guidance, document and test internal controls to help program and financial managers achieve results.

Strategic Activity: Internal Controls

Establish and maintain an agency-wide internal controls program.

Targets:

Strategic Initiative: Improper Payments

Reduce improper payments.

Strategic Activity: Sustain Low Rate of Improper Payments

Sustain FAA's historically low rate of improper payments.

Targets:

Ensure the rate of improper payments does not exceed .05% for FY06.

Strategic Initiative: Integrate Performance to Budget

Continue integrating performance information into budgetary decision-making and presentation.

Strategic Activity: Budget Formulation

Determine budget year resource needs for the agency and present them to external review authorities (OST, OMB, Congress).

Targets:

Get a green rating for PMA budget and performance integration.

Strategic Initiative: Capitalization of Assets

Ensure that agency assets are capitalized timely and accurately.

Strategic Activity: Property/Capitalization

Agency assets must be properly accounted for and capitalized on an ongoing basis. ANI engineers, logistics and accounting staff work together to capitalize assets so that financial information is timely and accurate on agency financial statements.

Targets:

Target 1: Eighty-five percent of assets will be capitalized within thirty days of the date the asset is placed in service.

Target 2: Validate ninety-five percent of retired assets per month.

management, helpdesks, and Web services; and elimination or reduction of FAA use of obsolete technology by either removing from service or transferring from Federal operation 100 Nav aids. FY06 Target: 100 percent compliance.

Strategic Initiative: Cost Data Tools and Training

Provide training to all current executives and managers on using FAA cost data, as derived from FAA's acquisition, cost accounting, accounting, payroll, and personnel systems, to make management decisions.

Strategic Activity: Financial Management Training

Assure that line of business and staff office executives and managers understand their fiscal roles and responsibilities and what financial information is available to help them.

Targets:

Target 1: Assess financial training needs by March 31, 2006.

Target 2: Begin implementation of financial management training agency-wide, both stand-alone and integrated into other training curricula.

Flight Plan Performance Target:

Cost Control Program

Each FAA organization will contribute at least one measurable and significant cost reduction and/or productivity improvement activity each year, including but not limited to, cost efficiencies in the areas of: strategic sourcing for selected products and services; complete consolidation of facilities and services such as accounting offices, real property

Strategic Activity: Financial Tools

Improve the quality and timeliness of cost data for improved management decision-making.

Targets:

Target 1: Assign 75% of FY2005 unassigned ATO service level costs to service delivery points by 3rd Quarter CAS reporting deadline.

Target 2: Ninety (90%) of Labor Distribution Reporting (LDR) hours are charged to valid projects and activities.

Target 3: Deliver meaningful cost accounting reports to Air Traffic Organization within 45 days of the end of a quarter, beginning with the 2nd quarter, FY 2006.

Strategic Initiative: Management Systems Implementation

Maintain and improve the agency acquisition, accounting, cost accounting, payroll and personnel systems, especially the attendant business processes, with the goal of providing timely and reliable financial information to FAA organizations.

Strategic Activity: Implement and Improve Business Processes and Systems

Complete the implementation of the Cost Accounting System and improve the utility of the ATO financial information.

Targets:

Target 1: Implement ATO labor cost data from Cru-X into the Cost Accounting System (CAS) by

January 31, 2006.

Target 2: Complete the Cost Accounting System for the Airports (ARP) and Aviation Safety (AVS) lines of business by June 30, 2006.

Target 3: By September 30, 2006, 95 percent of FAA employees receive travel reimbursements electronically.

Target 4: Identify corrective actions for resolving Cru-X and LDR interface issues within 3 months of new payroll system cutover.

Strategic Activity: Improve Resource Management

Maintain data integrity within DELPHI and identify and improve resolution of LOB/SO financial reporting discrepancies.

Targets:

Target 1: Oversee Operations and AIP Administration reconciliation, and maintain a monthly scorecard starting January 31, 2006. Expand to Facilities and Equipment's Activity 5 and the expiring appropriations for both F&E and RE&D by June 30, 2006.

Target 2: Support labor costing and corporate negotiations as needed; review annual pay increase and salary estimates included in the FY 2008 budget.

Strategic Initiative: Asset Management

Improve how we manage the FAA's real property assets.

Strategic Activity: Real Property

Support OMB quarterly deadlines for getting to "green" on the PMA.

Targets:

FY 2006, or within 6 weeks of being submitted.

Target 1: Assist ARC in the establishment of FY 2006 real property performance measures for the DOT Asset Management Plan by December 31, 2005.

Target 2: Assist ARC in the development of a DOT three-year rolling timeline of initiatives that support the Asset Management Plan for submission to OMB by June 30, 2006.

Target 2: Institute a tracking of on going savings associated with cost control initiatives included in prior year business plans. These savings will start to be available as part of the monthly status reports by the end of the first quarter of FY 2006.

Target 3: Institute a tracking system for productivity improvements by the end of the first quarter of FY 2006. The productivity improvements will start to be reported with the cost control activities starting in January 2006.

Strategic Initiative: Cost Control Program

Implement line of business-specific cost reduction and/or productivity improvement initiatives as well as agency-wide initiatives.

Strategic Activity: Corporate Leadership for Cost Control Initiatives

Lead an agency-wide initiative to control and reduce the cost of operations.

Targets:

Target 1: Validate all cost control initiatives prior to finalization of the FY 2006 business plans. Any initiatives that cannot be validated because of late submissions will be validated during the first quarter of

Strategic Activity: ABA Cost Control Contribution #1

ABA will implement the Strategic Sourcing for the Acquisition of Various Equipment and Supplies (SAVES) Program.

Targets:

Achieve annualized savings of at least \$10 million per year by the end of FY 2006.

Strategic Activity: ABA Cost Control Contribution #2

ABA and ARC are working together to consolidate accounting operations into the Finance Center in Oklahoma City.

Expected annual savings for this initiative are \$3.5 million in labor. Partial savings will be experienced in FY 2007 with full savings in FY 2008.

Targets:

Complete the accounting operations consolidation by August 31, 2006.

Strategic Initiative: Finance Reform

Reform the way the FAA is financed to provide stable, adequate funding more closely tied to FAA costs, services, and performance, in partnership with the aerospace community

Strategic Activity: Billing and Collection

Develop a billing and collection implementation process for the selected financing system.

Targets:

By August 31, 2006, finalize the requirements and implementation schedule for the fee billing system to be implemented by FY 2008.

Strategic Initiative: Productivity and Financial Metrics

Each FAA organization will develop and implement productivity and/or financial metrics to measure its efficiency.

Strategic Activity: Corporate Leadership for Cost Efficiency Initiatives

As the agency lead for all cost control/efficiency efforts, ABA will provide leadership and guidance in the development of efficiency and financial metrics that can be used to track the efficiency and financial performance of each organization within the agency.

Targets:

Target 1: Ensure that efficiency or

financial metrics are established for each LOB/SO and monthly tracking is instituted by March 31, 2006.

Target 2: Report status monthly, beginning in February, on all new OMB Program Assessment Rating Tool (PART) reviews. Currently, AST to undergo a PART review beginning in Spring 2006.

Target 3: Track recommendations from OMB and the steps that PARTed programs are taking to improve their programs. This includes coordinating between OST and FAA to provide timely, useful, and accurate information to OST requests.

Strategic Activity: ABA Productivity and Financial Metric Contribution

ABA's contribution to the requirement for each organization to establish and report on productivity/financial metrics.

Targets:

Target 1. ABA will submit metrics by the end of the 1st Quarter FY 2006.

Target 2: ABA will report on the metrics by March 2006.

Core Business Measure:

Corporate Finance

Activities under the direction of the agency's Chief Financial Officer (CFO)
- the Assistant Administrator for Financial Services.

Core Business Function: Corporate Budget and Performance Management

Develop and manage the agency's budget and spearhead efforts to become a more results-oriented organization.

Core Business Activity: Budget Formulation: Improved Responsiveness to External and Internal Customers

The activities associated with the authorization, apportionment, and allowancing of current year financial resources.

Targets:

Target 1: Initiate agency budget formulation by providing the Administrator and CFO policy options and recommendations by March 31, 2006. Guide decisions that establish the constraints and performance framework within which FAA organizations formulate their budgets.

Target 2: To improve the credibility of the F&E budget, achieve an overall passing score on each IT Exhibit 300.

Core Business Activity: Administrative Controls of Funds

The activities associated with the authorization, apportionment, and allowancing of current year financial resources.

Targets:

Target 1: Issue initial version to reimbursable order by March 31, 2006.

Target 2: Establish an ABU organization structure to manage the FAA's reimbursable program, and further revision to the order by September 30, 2006.

Target 3: Issue the Funds Control Order by September 30, 2006. Develop a Standard Operating Procedure to support the revised order.

Target 4: Distribute a draft Funding Criteria Order by September 30, 2006.

Target 5: Enter apportionments and rescissions into DELPHI within 7 workdays of receipt from OST.

Target 6: Track F&E earmarks by June 30, 2006.

Target 7: Develop quarterly status reports to Congress on all appropriations by end of 1st quarter 2006.

Core Business Activity: OIG/GAO Liaison/Coordination

Improve communications between the agency and OIG/GAO.

Targets:

Work closely with audit liaisons and auditors to reduce the number of FAA responses that are overdue to OIG/GAO at the end of each quarter. This will include quarterly meetings with audit liaisons and development of a new audit activity report for audit liaisons and appropriate management officials.

Core Business Activity: Develop Core Business Measures

Develop Core Business Measures for each function in ABA.

Targets:

Target 1: Develop proposed Core Business Measures recommendations by March 2006.

Target 2: Begin collecting data in FY 06 that will be used to begin implementation of the Core Business Measures by the beginning of next fiscal year 2007.

Core Business Function: Corporate Financial and Accounting Services

Activities under the direction of the Director of Financial Management.

Core Business Activity: Accounting Operations - Incorporates Efficiency Measures

This activity includes OMB metrics on payments, billing and collections, and other transaction-based accounting services for all accounting operations offices located in Headquarters, the William J. Hughes Technical Center, Mike Monroney Aeronautical Center, and the regions. The activity targets below are mandated by the Office of Management and Budget and published on a government-wide OMB web site.

Targets:

Target 1: Sustain less than a 2% fund balance net difference between FAA and Treasury financial records.

Target 2: Amount in suspense accounts greater than 60 days old is less than or equal to 10%.

Target 3: Delinquent accounts receivable from the public over 180 days is less than or equal to 10%.

Target 4: Electronic payments are greater than or equal to 96%.

Target 5: Non-credit card invoices are paid on time 98% of the time.

Target 6: Interest penalties paid are less than or equal to .02% of total invoices paid.

Target 7: Travel card balances

outstanding over 61 days for individually billed accounts is less than or equal to 2%.

Target 8: Travel card balances outstanding over 61 days for centrally billed accounts is 0%.

Target 9: Purchase card balances outstanding over 61 days is 0%.

Core Business Activity: Corporate Financial Policy and Travel Program

This activity involves the maintenance of corporate financial policy and procedures and the management of the corporate travel program.

Targets:

Target 1: Complete the implementation of the DOT new e-travel system (GovTrip) by August 31, 2006.

Target 2: Modify the GovTrip system to expand flight availability for all available flights by August 31, 2006.

Core Business Activity: Agency Financial Statements Audit

This activity involves preparation and audit of agency financial statements.

Targets:

Target 1: Obtain an unqualified ("clean") opinion on agency financial statements.

Target 2: Receive FY2005 CEAR award for the Performance and

Accountability Report.

Core Business Activity: Business Systems

This activity includes routine enhancements and maintenance activities on the financial (DELPHI, CAS, and LDR) and acquisition (PRISM) systems. An unfunded portion (\$16M) of this initiative will be assessed to LOBs.

Targets:

Target 1: Develop implementation plan for Phase I enhancements for the PRISM system by March 31, 2006.

Target 2: Maintain passing score on CAS Exhibit 300.

Target 3: By March 31, 2006, ensure fund status reports (MG12018, MG12017 and MG12005) meet end user data requirements.

Target 4: Develop a plan for commitment level accounting in DELPHI by March 31, 2006.

Core Business Activity: Develop Core Business Measures

Develop Core Business Measures for each function in ABA.

Targets:

Target 1: Develop proposed Core Business Measures recommendations by March 2006.

Target 2: Begin collecting data in FY 06 that will be used to begin implementation of the Core Business Measures by the beginning of next fiscal year 2007.

Core Business Function: Corporate Administrative Support/ABA Administration and Services

Activities under the ABA Management Staff and the Information Systems and Technology Services Staff. Includes executive direction provided by the immediate office of the Assistant Administrator for Financial Services/CF0.

Core Business Activity: Administrative and Resource Management Support

Support ABA executives, managers and staff by assuring timely and effective administrative and resource management services.

Targets:

FY 05 performance evaluations completed by November 30; and FY 06 performance plans completed by December 31.

Core Business Activity: Information Management

Provide centralized services supporting all LOBs/SOs with regard to documentation and information (e.g., directives, printing, forms, etc.).

Targets:

Conduct a directives revalidation effort to ensure the information about agency directives is current, correct and readily available to FAA and the Aviation Public by August 30, 2006.

Core Business Activity: IT Systems Support

IT support to agency financial management systems.

Targets:

Target 1: Maintain 98% up time for ABA financial systems.

Target 2: Develop a plan to outsource IT application hardware hosting to an FAA Data Center by March 2006.

Core Business Activity: IT Policy, Procedures, and Security

Configuration management and other policy, procedures, and security for FAA financial management systems.

Targets:

Target 1: Develop a CMM Level II implementation plan by May 2006.

Target 2: Remediate remaining security vulnerabilities in ABA systems as identified in the FY 2005

IT POAM by July 2006.

Targets:

Core Business Activity: Facilitate Reduction in FAA Sick Leave Usage

Assist in reducing FAA sick leave usage to the government-wide average.

Targets:

Aggressively work to curb sick leave abuse.

Core Business Activity: Aviation and Space Education (AVSED) Outreach Programs

Support the ARC-spearheaded Aviation and Space Education (AVSED) Outreach Programs.

Targets:

Working in collaboration with the Aviation and Space Education (AVSED) Outreach Programs, support AVSED by providing review and assistance in printing and distribution of program-associated publications by September 30, 2006.

Core Business Function: Financial Oversight of Acquisitions

Implement increased financial controls over agency procurements in accordance with the Administrator's August 11, 2005 memorandum.

Core Business Activity: Implementation of AOA Direction

Implement processes and procedures necessary to carry out the Administrator's direction that the CFO will authorize any procurement of \$10 million or more prior to issuing a purchase request.

Target 1: Implement contract review process by the Office of Financial Controls for support contracts with a value of \$10 million or more effective October 1, 2005.

Target 2: Implement contract review process for all contracts with a value of \$10 million or more no later than March 31, 2006.

Core Business Activity: Develop Core Business Measures

Develop Core Business Measures for each function in ABA.

Targets:

Target 1: Develop proposed Core Business Measures recommendations by March 2006.

Target 2: Begin collecting data in FY 06 that will be used to begin implementation of the Core Business Measures by the beginning of next fiscal year 2007.